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REPORT OF THE EXPERT MEETING ON TELECOMMUNICATIONS, BUSINESS FACILITATION AND TRADE EFFICIENCY

Held at the Palais des Nations, Geneva,
from 8 to 10 September 1997

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I. FINAL RECOMMENDATIONS ADOPTED BY THE EXPERT MEETING

Background

1. The experts stressed the importance of electronic commerce as a vehicle for the integration of smaller players (especially developing countries, economies in transition and small and medium-sized enterprises) in international trade.

2. The meeting recognized the importance for all countries, especially developing countries, of benefiting from practical possibilities to assess the potential benefits of electronic commerce for their own enterprises, in particular small and medium-sized ones.

3. In this context, the experts underlined the importance of UNCTAD's work in the area of trade efficiency and the need to pursue the work undertaken by UNCTAD and its partners to promote the implementation of the Columbus Ministerial Declaration on Trade Efficiency and its recommendations (TD/SYMP.TE/6). They considered that such work is of particular relevance in helping developing countries, in particular governments and SMEs, to better understand and participate in processes under way in other intergovernmental organizations dealing with telecommunications and their trade applications, in particular the International Telecommunications Union (ITU) and the World Trade Organization (WTO).

Recommendations

I. Follow-up to UNISTE

4. The meeting considered that the recommendations made by the United Nations International Symposium on Trade Efficiency (UNISTE, Columbus, Ohio, October 1994) in the sector of telecommunications remain a valid basis for the continuation of intergovernmental activities in the area of 'telecommunications, business facilitation and trade efficiency'.

5. The experts underlined that UNCTAD should pursue its work in this area by complementing the UNISTE recommendations through the consideration of a number of recent trends and events, which have been and will continue to be of critical importance for the competitiveness of enterprises (especially small and medium-sized enterprises) in the years to come. Such trends and events include in particular:

(a) The continuation of the liberalization and privatization processes pursued by a growing number of countries in the sector of telecommunications services and equipment; these processes have been reinforced by the recent WTO Agreements on Information Technology (Singapore, December 1996) and on Basic Telecommunications Services (Geneva, February 1997);

(b) The continuation of the trend towards lower prices for international telecommunications services;

(c) The accelerated advent of new infrastructures such as low earth orbiting satellite systems (LEOS);

(d) The rapid expansion of the Internet, which will have far-reaching consequences on the ways in which individuals and enterprises access and provide information, in particular for the purpose of business transactions.

II. Other priority areas for further work by UNCTAD and its partners

6. In addition to pursuing its work on the implementation of the Columbus recommendations on telecommunications, UNCTAD's work on trade efficiency should encompass the following priority areas:

(a) Electronic commerce: In considering electronic commerce, participants recognised that while basic business concepts such as the customer, goods and payment validation would not change, business and government practices were likely to change rapidly in such a fast-moving situation. Some of these changes would require intergovernmental action to ensure that there is a common understanding and, where appropriate, that clear guidelines are available to all traders and consumers.

(b) Participants also recognised that the impact of electronic commerce would be different at the different stages of the trade process, for example business information on one hand and transaction documents on the other; in both areas, however, the importance of using open systems and internationally accepted data standards was recognised.

(c) UNCTAD should carry out the necessary analytical and practical work to allow members to better understand the development implications of some of the proposals made for setting up a 'global framework' for electronic commerce, including the possible revenue impact of 'tax-free Internet-based commerce. In this context, UNCTAD should provide interested members with analytical and practical support in the context of upcoming intergovernmental discussions on "trade facilitation" and trade in financial services, among other things. Special attention should also be given to the following three areas: (1) electronic payments, (2) identification of obstacles and solutions to global electronic trading systems, and (3) legal dimensions of electronic commerce.

(d) Access to telecommunications-based services: UNCTAD, in close collaboration with ITU, should carry out the necessary analytical and practical work to allow interested members to better assess the various possibilities they may have to access trade-supporting telecommunications-based services at better prices and on more favourable conditions; the particular situation of smaller firms and under-equipped areas (especially in LDCs) should be given priority attention.

(e) Human resources development: UNCTAD is encouraged to pursue and develop its activities in enhancing the know-how of decision-makers and trade practitioners of developing countries and economies in transition in the areas of electronic commerce and the use of information technologies for the purpose of business facilitation and trade efficiency, in particular the Internet.

7. The meeting therefore recommends that the Commission on Enterprise, Business Facilitation and Development should convene as early as possible expert meetings on: (1) banking and insurance aspects of trade efficiency (including electronic payments); (2) identification of the obstacles to a global system for electronic trade transactions covering both export and import processes and the bodies which need to take action; and, at a later stage, (3) the legal dimensions of electronic commerce and other relevant legal aspects of business practices and trade efficiency; and (4) human resources development in the area of trade efficiency (with special focus on electronic commerce).

III. Recommendations for technical assistance activities

8. The meeting requested UNCTAD, within available resources, to expand its assistance to interested countries in the six services sectors identified at UNISTE. North-South and South-South cooperation should be strongly promoted in this connection.

9. The meeting also underscored the importance of UNCTAD's Trade Point Programme to enhance the capacity of small and medium-sized enterprises to identify the opportunities of modern ways of trading based on telecommunications and to master the basic elements of electronic commerce. Participants stressed the value of increased co-operation between Trade Points at the bilateral, regional and international levels. Further consideration should be given to establishing closer institutional links among Trade Points.

10. Special attention should be given to cooperation with the ITU, particularly with the Development Sector and the relevant programmes of its Buenos Aires Action Plan, in particular Program 9 (annex 2), to ensure that electronic commerce is an integral part of its project to construct pilot community telecenters in rural and remote locations in developing countries.

11. Participants considered that further cooperation between the Trade Point Programme and the TRAINFORTRADE Programme would provide significant opportunities to train trainers, decision-makers and trade practitioners in the new techniques of international trade. They stressed the potential use to be made of distance learning tools in this context.

IV. Inter-institutional cooperation

12. Participants expressed their appreciation for the cooperation existing between UNCTAD and other United Nations organizations in the area of trade efficiency, in particular the International Trade Centre (ITC), the United Nations Economic Commission for Europe (UNECE) and the United Nations Development Programme (UNDP). Experts also stressed the potential for further cooperation between UNCTAD and other United Nations economic commissions (in particular the Economic Commission for Africa (ECA)), as well as with the World Trade Organization (WTO) and the United Nations Commission on International Trade Law (UNCITRAL).

13. Participants paid tribute to the remarkable level of cooperation displayed by UNCTAD and the ITU in organizing jointly the Expert Meeting and Telecom Inter@ctive 97, and commended both organizations in this respect. They expressed their wish that the example of this particular meeting could be used as a reference in future inter-institutional efforts of a similar nature.

II. CHAIRMAN'S SUMMARY OF EXPERTS' INFORMAL DISCUSSIONS

A. Follow-up to UNISTE

1. The brief presentation by the UNCTAD secretariat on the evolution of telecommunications services in the world and some prospects for the future was placed in the context of the recommendations of the United Nations International Symposium on Trade Efficiency (UNISTE). Several experts from different countries expressed their interest in receiving a progress report on the implementation of the recommendations and an assessment of the Trade Point Programme. The availability of the latest Trade Point survey on the Internet was announced, and an advance copy of the *Trade Point Review* was distributed.

2. Lack of telecommunications infrastructure (for instance telephone lines) and basic services (such as electricity) still prevents some countries from benefiting fully from available telecommunication services. Although the trend towards lower prices is expected to continue in the short term, several countries (mainly LDCs) expressed concern that they would not be able to afford access to these services and thus that they would be further isolated from the world of electronic commerce.

3. The experts stressed the urgent need for training in the area of new telecommunications technologies and services.

4. The legal framework for new technologies and electronic trade transactions, as well as the impact of their use, were seen as issues of prime importance, and experts expressed interest in knowing what was foreseen for the future.

B. Access to networks

5. The experts had an intensive discussion on the issue of access to telecommunications services, in particular the Internet, which still varies widely among countries. There was a large measure of agreement that different technological solutions for worldwide access to telecommunications are either already available or expected to become available before the turn of the century, for example low earth orbiting satellites (LEOs). However, in practice, obtaining a satisfactory link-up was still seen as an obstacle for quite a number of developing countries.

6. The expert from the United States of America described the activities of the Leland Initiative, under which US$ 5 to 15 million are earmarked to help Africa to connect to the Internet. Madagascar, Mali and Mozambique are already linked up under this initiative, and agreements for future link-ups exist with nine more African countries. He stressed the importance of the policies applied and recommended that, while the state can provide a gateway on a cost basis, Internet services should preferably be provided by the private sector. He also drew attention to the collaborative Africa Internet Forum and to the meeting of the Partnership for Interaction and Communications Technology in Africa (PICTA), to be held in Morocco in the spring of 1998.

7. The expert from Malaysia described how the liberalization of the telecommunications sector had brought about strong competition and rapidly growing demand. He described an ambitious project under which Malaysia would, over the next 10 years, invest over US$ 1 billion in the Multimedia Super Corridor (MSC), which

not only embraces business initiatives like electronic commerce and smart cards but will also be used for telemedicine and distance learning.

8. The expert from Japan reported on the establishment in 1995 of a Cyber Business Association which aims at the promotion of electronic commerce and cyber business in cooperation with the European Union, the APEC countries and the G.7 countries. Japan intends to introduce a fibre-optic network in all households by the year 2010, and by the end of 1997, 19 per cent of its population will already be connected. This will bring access to high-speed multimedia services at a reasonable cost.

9. The expert from Zimbabwe informed the meeting on progress made in cutting waiting lists for telephone connections through the introduction of cellular telephony. While the existing network is still based on copper wire and analogue technology, access to the Internet is now available through several ISPs (Internet service providers).

10. An expert involved in the Uganda Connect project pointed to a highly original way of overcoming existing limitations through the use of donated older PCs which are linked up through a hybrid technology using VHF single side band radio communications. This system has served as a catalyst for more permanent networks and has already been used by the World Food Programme.

11. The expert from Pakistan drew the attention of the meeting to the issue of falling revenue from telecommunications companies and how this has influenced development perspectives through a lack of investment in infrastructure.

12. The representative of the Economic Commission for Africa (ECA) raised the question as to whether Africa is destined to remain underprivileged in the area of telecommunications too. The problem for Africa is not only a quantitative one, i.e. the low number of telephones per thousand inhabitants, but also the switch from analogue to digital. Africa has to address four fundamental issues: connectivity, human resources development, information content, and infrastructure planning and development.

13. UNCTAD's web incubator was presented as a possible solution for countries with no or expensive Internet access to have an Internet presence. An expert from Trade Point Harare (Zimbabwe) confirmed the usefulness of the incubator and informed the audience that substantial transactions had resulted from the country's presence on the web.

C. Applications

14. A presentation was made by ITC of its "Virtual Trade Fair". From the supply perspective, the Fair could be used by smaller enterprises, individual producers and cooperatives; from the demand perspective, specialized agents, consumers and department stores could benefit. The advantages of the Internet for trade are: low-cost communication media, wide exposure and possibilities for multimedia presentations.

15. A presentation was given by the UNCTAD secretariat on the use of telecommunications in the Trade Point Programme. The results of the recent Trade Point survey were described, which showed that Trade Points use telecommunications as follows: telephones, fax and post - 92 %, E-mail - 92%, Internet - 64%, and TV

and radio - 48%. The main impediments in using telecom facilities are lack of training, low quality of lines and insufficient equipment, especially in LDCs. Experts from Mexico, Pakistan, China, Finland and the United States raised questions on the services offered under the Trade Point Programme, its legal framework, UNCTAD's role, financial aspects of Trade Points and private/public-sector involvement.

16. UNCTAD's TRAINFORTRADE programme was presented, and its possible application for Trade Points was explained.

D. Electronic commerce

17. The UNCTAD secretariat gave a brief introduction of the concept of electronic commerce and the techniques involved, underlining the key elements that remain to be addressed: confidentiality, security, government policy issues (regulation, taxation), and countries being left behind. The discussion focused on potential ways to enhance the awareness and knowledge of both Governments and enterprises in the area of electronic commerce.

18. It was underlined that, after the recent proposals made by the United States of America (A Framework for Global Electronic Commerce), the European Union (Ministerial Declaration on Global Information Networks), OECD and Japan, UNCTAD has an important role to play in this sector in terms of bringing to it the "development dimension" which it still lacks. Experts underlined that issues related to electronic payment and the legal aspects of electronic commerce would need to be examined further.

19. A presentation was made of an example of an electronic payment system (Digicash), which allowed experts to understand how such a system works in practice. Today a large percentage of all transactions are made with credit cards. With the Digicash solution, the bank issues a serial number (encrypted code), which is equivalent to a digital signature, thereby offering immediacy of payment and privacy.

20. UNCTAD and ITU held a joint session on "Banking and electronic commerce in the global networked economy", which formed part of the ITU Telecom Interactive meeting. The session was chaired by Mr. Rubens Ricupero, Secretary-General of UNCTAD. In a special opening keynote address, Mr. Bradley Holmes, President of Bradley Holmes & Associates, stated that electronic commerce would become a major application of the Internet. Issues dominating the current debate include security, privacy and tariffs. It was made clear that, in order to create full electronic commerce, government regulations, international law, business practice and infrastructure would have to be addressed globally.

21. Mr. Ricupero stressed the development potential of electronic commerce in the context of the emerging global information society. He underlined that UNCTAD is giving this issue high priority. He stated that technological solutions are now widely available, but work still needs to be done to ensure access to this technology in regions of the world which are less advanced. In the panel discussion that followed, there was broad agreement that standards would be an important element in securing the benefits provided by electronic commerce and that the United Nations should play a leadership role in coordinating efforts in this regard with other multilateral institutions (such as ITU) and NGOs (such as the Internet Society).

22. An expert from the United Kingdom referred to the different types of trade transactions using electronic commerce technologies (goods versus services) and the need for Governments to understand that their role would also differ accordingly. In addition, different technologies would be required for different stages of a transaction.

23. It was generally agreed by participants that the level of discussions and the numerous issues covered during the Meeting reflected the importance of the topic. The approved recommendations should now be implemented.

III. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

1. In accordance with the agreed conclusions adopted by the Commission on Enterprise, Business Facilitation and Development at the closing meeting of its first session on 24 January 1997, 1/ the Expert Meeting on Telecommunications, Business Facilitation and Trade Efficiency was held at the Palais des Nations, Geneva, from 8 to 10 September 1997. The Meeting was opened on 8 September 1997 by Mr. Jean Gurunlian, Officer-in-Charge, Division for Services Infrastructure for Development and Trade Efficiency, UNCTAD.

B. Election of officers

(Agenda item 1)

2. At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairman:	Mr. Anthony Hill	(Jamaica)
Vice-Chairman-cum-Rapporteur:	Mr. Richard Dale	(United Kingdom of Great Britain and Northern Ireland)

C. Adoption of the agenda

3. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in TD/B/COM.3/EM.2/1. Accordingly, the agenda for the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda
3. Telecommunications, business facilitation and trade efficiency
4. Adoption of the report.

1/ See Report of the Commission on Enterprise, Business Facilitation and Development on its first session TD/B/44/2-TD/B/COM.3/4), annex I, paras. 3-4.

D. Documentation

4. For its consideration of the substantive agenda item (item 3), the Expert Meeting had before it a background paper by the UNCTAD secretariat entitled "Telecommunications, business facilitation and trade efficiency: Some major implications of the global information infrastructure (GII) on trade and development" (TD/B/COM.3/EM.3/2).

E. Adoption of the report

5. At its closing meeting, on 10 September 1997, the Expert Meeting adopted its final recommendations (see section I above), agreed to incorporate the Chairman's summary into its report (see section II above), and authorized the Rapporteur to prepare the final report of the Meeting, under the authority of the Chairman.

Annex

ATTENDANCE */

1. Experts from the following States members of UNCTAD attended the meeting:

Algeria
Armenia
Bahrain
Belarus
Belgium
Benin
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Cameroon
China
Colombia
Côte d'Ivoire
Cuba
Cyprus
Czech Republic
Democratic People's Republic of Korea
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Germany
Ghana
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Italy
Jamaica
Japan
Jordan
Kenya
Kyrgyzstan
Lebanon
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Myanmar
Nepal
Nigeria
Norway
Pakistan
Panama
Paraguay
Philippines
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey
Uganda
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Venezuela
Viet Nam
Yemen

2. The Economic Commission for Europe, the Economic Commission for Africa, the United Nations Research Institute for Social Development, and the United Nations Development Programme were represented at the Meeting. The International Trade Centre UNCTAD/WTO was also represented at the meeting.

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*/ For the list of participants, see TD/B/COM.3/EM.3/INF.1

3. The following specialized agencies and related organization were represented at the meeting:

International Labour Organisation
International Monetary Fund
International Telecommunication Union
United Nations Industrial Development Organization

The World Trade Organization was also represented at the meeting.

4. The following intergovernmental organizations were represented at the meeting:

Arab Labour Organization
European Community
Inter-American Development Bank

5. The following non-governmental organizations were represented at the meeting:

General Category:

International Chamber of Commerce
World Federation of United Nations Associations
World Vision International

6. The following organizations, specially invited by the secretariat, attended the meeting:

Eastern Caribbean States Export Development Agency
Institut supérieur africain pour le développement de l'entreprise

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